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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
MOBILEMEDIA CORPORATION, et al.	)	WT Docket No. 97-115
	)	
Applicant for Authorizations and Licensee of Certain Stations in Various Services	)	

To: The Commission

REPLY TO COMMENTS OF THE WIRELESS TELECOMMUNICATIONS BUREAU

MobileMedia Corporation and its subsidiaries ("MobileMedia" or "the Company"), debtors-in-possession, by their attorneys, hereby submit their response to the Wireless Telecommunications Bureau's comments in support of MobileMedia's "Motion for Waiver and Application for Review" filed in the above-referenced docket.[1] In its Motion, MobileMedia asked the Commission to reverse Judge Joseph Chachkin's Memorandum Opinion and Order,[2] promptly to stay the hearing with respect to MobileMedia, and specifically to confirm that the Company's transfer or assignment of its authorizations through an approved *Second Thursday* transaction would terminate the hearing and permit the preservation of the subject paging licenses (albeit under a change of control).

[1] To the extent required, MobileMedia hereby requests leave to file this reply. Inasmuch as this pleading provides information and clarification specifically requested in the Bureau's comments, good cause exists for the acceptance of this filing.

[2] *Memorandum Opinion and Order*, FCC 97M-83 (issued May 9, 1997).

MobileMedia requests a 10-month stay of the hearing. The 10-month schedule outlined in the MobileMedia's Motion represents an expedited and aggressive time line to achieve a *Second Thursday* solution in the context of a bankruptcy case of this magnitude and complexity. *Nevertheless, the Company and its creditors are fully committed to taking all possible steps to meet it.*

While the Bureau supports the requested stay, it also states that MobileMedia should "specifically articulate (a) the procedural and substantive requirements under federal bankruptcy law with applicable statutory deadlines, and (b) the Company's justification for seeking time beyond those applicable statutory deadlines." The Bureau additionally suggests that the Company be required to file progress reports on a monthly basis.

The Company has no objection to filing monthly reports. Further, MobileMedia submits the following information with respect to the steps that must be accomplished in the complex reorganization of a large company such as MobileMedia:

(1) The Company, as debtor-in-possession, is obligated under Section 1107 of the Bankruptcy Code to perform virtually all the functions and duties of a trustee. These duties include the fiduciary duty to maximize enterprise value for the benefit of parties in interest in the order of their legal priority.[3] For a large company such as MobileMedia, the initial process of determining which business solution to pursue in a chapter 11 plan typically takes several months. As MobileMedia has made clear to the Commission, the Company's reorganization plan will entail either a sale to a third party or what amounts to an effective "sale" to existing creditors by converting debt for equity. The Company fully understands the exigencies of this situation and will complete this process as quickly as possible. Indeed, the process has already begun.[4] Even so, consistent with

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[3] *See Commodity Futures Trading Comm'n v. Weintraub*, 471 U.S. 343, 355 (1985). In fact, in the leading court case involving an FCC-licensed debtor, the receiver was acknowledged to be "an officer of the court . . . charged with the duty of disposing of the assets in a manner that maximized the interests of the creditors." *La Rose v. FCC*, 494 F.2d 1145, 1149 (D.C. Cir. 1974).

[4] Since filing its chapter 11 petition on January 30, 1997, the Company has taken many key (Continued...)

MobileMedia's duties under the Bankruptcy Code, it will take 75 to 120 days to propose for consideration and negotiation a particular plan of reorganization, be it a sale to a third party or "sale" to existing creditors.

(2) Once the terms of a general plan of reorganization are determined, the detailed provisions are then negotiated with creditors and other stakeholders prior to the formal proposal and filing of the plan by the debtor. Based upon the experience of MobileMedia's bankruptcy counsel, Sidley & Austin, this negotiation process will take approximately 2 months. This amount of time is necessary because the Company has over $1 billion in debt held by a large and varied secured lender group as well as a large and varied unsecured creditor group. Section 1121(b) of the Bankruptcy Code provides for an initial 120 day period after the commencement of a chapter 11 case during which a debtor has the exclusive right to propose and file a plan and 180 days to solicit acceptances of any such plan. This 120-day exclusive period reflects Congress' recognition that it takes at least this much time to propose a plan of reorganization.[5] In large, complex chapter 11 cases, extensions of this exclusive period are routinely granted because it takes such companies longer to negotiate a plan (MobileMedia has requested a six-month extension of this exclusive period in furtherance of its goal of filing *Second Thursday* applications within 10 months).

(3) Once the negotiations are completed and the details of the plan are finalized, Sections 1122 and 1123 of the Code and Bankruptcy Rule 3016 require that a written plan be prepared and filed with the Bankruptcy Court. Section 1125 of the Code and Bankruptcy Rule 3016 require that the debtor prepare a written disclosure statement providing detailed information about the plan sufficient to enable creditors to make an informed decision

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(...Continued)
steps to stabilize its business and prepare for the reorganization process. In addition to implementing numerous improvements in its operations, the Company has secured bankruptcy court approval of a $200 million debtor-in-possession financing facility; has obtained approval of bonus payments and severance programs for employees to improve employee morale and ensure employee retention; has established a "bar date" of June 6, 1997 for filing proofs of claim by creditors against the Company; has begun rejecting real property leases that are unnecessary to the Company's business; and has begun the planning process by preparing a 1997 cash flow and business forecast which will serve as the starting point for formulating a long-range business plan and, ultimately, a plan of reorganization.

[5] The legislative history to Section 1121 notes that "if an unusually large company were to seek reorganization under chapter 11, the court would probably need to extend the time in order to allow the debtor to reach an agreement." H.R. Rep. No. 595, 95th Cong., 2d Sess. 231-32 (1978) (footnotes omitted). The legislative history has been interpreted as a virtual mandate for extension in large, complex cases such as that of MobileMedia. *See, e.g., In re Texaco Inc.*, 76 B.R. 322, 327 (Bankr. S.D.N.Y. 1987) ("By sheer size alone the Texaco debtors have established cause for extending the exclusivity periods.").

when voting on the plan. The disclosure statement is provided to all of the creditors, equity holders and other parties in interest. Again, there is no statutory deadline for preparing the plan and disclosure statement. However, based upon the experience of bankruptcy counsel, it will take approximately 45 days to prepare and file the appropriate documents.

(4) Pursuant to Section 1125 and Bankruptcy Rule 3017, the disclosure statement must be approved by the Bankruptcy Court as containing adequate information about the plan before the solicitation of acceptances to the plan may proceed. After the filing of the plan and disclosure statement, Rule 3017 requires that at least 25 days notice be given of the court hearing to consider approval of the disclosure statement. An additional 10 days must be afforded to complete the mass mailing of the plan and disclosure statement.

(5) Sections 1125 and 1126 and Rule 3018 provide that the next step in the plan process is the solicitation of acceptances of the reorganization plan. There is no statutory time period within which this step must be accomplished. However, bankruptcy courts in Delaware and elsewhere typically will require that creditors be afforded 60 to 75 days in which to review the plan and disclosure statement and submit written ballots to accept or to reject the plan.

(6) After the completion of the solicitation process, Sections 1128 and 1129 and Rules 2002 and 3020 provide that the reorganization plan must be confirmed by the Bankruptcy Court after at least 25 days notice to creditors and other parties in interest. Depending on the circumstances, this 25 day period may to some degree overlap with the solicitation period.

In sum, MobileMedia anticipates that the process described above - again, involving an aggressive schedule -- will take 10 months. MobileMedia intends to file the appropriate *Second Thursday* applications with the FCC no later that the completion of these steps (and earlier if practicable).

Given the statutory requirements and the practical problems of reorganization of a large corporation with over $1 billion in debt, the requested 10-month stay is appropriate and is a reasonable accommodation of "the policies of federal bankruptcy law with those of the

Communications Act".[6] As indicated in its Motion, the Company pledges to work diligently and quickly to effect a *Second Thursday* solution.

Respectfully submitted,

MOBILEMEDIA CORPORATION

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[6] *La Rose v. FCC*, 494 F.2d at 1146.

CERTIFICATE OF SERVICE

I hereby certify that on this 21th day of May, 1997, I caused copies of the foregoing "Reply to Comments of the Wireless Telecommunications Bureau" to be hand-delivered to the following:

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